

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL PACKAGE SERVICE (FCPS)
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-2

**REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
HAGENSTEIN TO PR/USPS-T1 – 8 -- ERRATA**
(July 19, 2021)

The United States Postal Service hereby revises its July 15, 2021, response to the Public Representative's First Set of Interrogatories to United States Postal Service Witness Stephen B. Hagenstein, posed on July 8, 2021, to change the header and how each question is numbered (to facilitate potential incorporation into the transcript). There are no changes to the substance of any response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony Alverno
Chief Counsel, Global Business & Service
Development

Eric P. Koetting
Elizabeth A. Reed
C. Dennis Southard IV

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
(202) 268-6824
dennis.southard@usps.gov
July 19, 2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T1-1. Please refer to USPS-T-1, at 2, lines 20-22. Witness Hagenstein states that “[w]hile some surface transportation schedule changes would be necessary, current average utilization of surface transportation capacity is approximately 42 percent.”

- a. If possible, please provide a percentage breakdown of current utilization by competitive products, including First-Class Package Service.
- b. If possible, please provide a percentage breakdown of expected utilization by competitive products, including First-Class Package Service.

RESPONSE:

1.a. Based on the average Inter-SCF utilization (45 percent) and the percent of Inter-SCF cubic-foot-miles attributed to domestic competitive products as measured by TRACS, a reasonable estimate is that in FY20, 26.1 percent of total space on Inter-SCF transportation was used by domestic competitive products. The detail on current utilization for individual domestic competitive products is filed under seal as part of USPS-LR-N2021-2-NP7.

1.b. Please see the response filed under seal as part of USPS-LR-N2021-2-NP7.

REVISED: 7/19/2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T1-2. Please refer to USPS-T-1, at 4, lines 3-7. Witness Hagenstein states that “[r]educing First-Class Mail and Packages from the air network will also result in a reduction of costly ad hoc charter flights currently utilized to help cover capacity shortfalls in the current air network. An estimated 14 to 48 percent reduction in the number of air charters may be possible depending on the final volume of the lanes identified to shift from air to surface transportation.”

- a. Please provide data on air and surface costs for First-Class Package Service for Fiscal Years (FYs) 2017 through 2020.
- b. Please provide data on First-Class Package Service pounds flown for FYs 2017 through 2020.
- c. Please provide data on air charters for FYs 2017 through 2020.
- d. What percent of First-Class Package Service is currently included in chartered flights?
- e. What percent of First-Class Package Service is anticipated to be included in chartered flights under the proposed service standard changes?

RESPONSE:

2.a. Please see the response filed under seal as part of USPS-LR-N2021-2-NP7.

2.b. Please see the response filed under seal as part of USPS-LR-N2021-2-NP7.

2.c. Please see the response filed under seal as part of USPS-LR-N2021-2-NP7.

2.d. The Postal Service does not have visibility into the products that are transported on charter flights versus the regularly planned air network.

2.e. See response to question 2.d., above.

REVISED: 7/19/2021

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO INTERROGATORIES OF THE PUBLIC REPRESENTATIVE

PR/USPS-T1-3. Please refer to USPS-T-1, at 14, lines 9-12. Witness Hagenstein states that “[i]f the volume of mail and/or packages on a particular lane is insufficient to justify the cost of surface transportation, or if surface transportation is too time-consuming to permit the Postal Service to meet applicable service standards, then the Postal Service transports that volume by air.”

- a. Please identify instances or specific lane(s) where the volume of mail or packages were insufficient to justify the cost of surface transportation and the Postal Service had used air transportation.
- b. Please confirm whether performance targets were achieved in the lane(s) identified in question 3.a. when changes were made from surface to air.
- c. If question 3.b. is not confirmed, please explain.
- d. Please confirm whether the above statement will still be applicable under the proposed service standard changes to First-Class Package Service.
- e. If question 3.d. is not confirmed, please explain.

Response:

3.a. One example is FCM from Ft. Myers FL to Oklahoma City OK and Tulsa OK were both changed from surface to air transportation due to low volumes and the ability to eliminate a surface trip. The average volume from origin to each destination was under 300 pieces per day. The estimated volume shifted to the air network was projected to be under 30 pounds per week assigned to each destination.

Please see file “Q3a - Surface Eligibility File.xlsx” in USPS-LR-N2021-2-NP7 for a list of Origin and Destination pairs that are Air but eligible for Surface transportation. We do not have information readily available with respect to when or if these lanes changed mode.

REVISED: 7/19/2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

3.b.

Fort Myers to Tulsa and Oklahoma City FCM Letters and Flats
From IV MPP FY20 through FY21 YTD through 7/13/2021

| FY | PQ | Description | Failed Pieces | Total Pieces | On Time % |
|-----------|-----------|--------------------|----------------------|---------------------|------------------|
| 21 | Q4 QTD* | AIR | 2 | 168 | 98.80% |
| 21 | Q3 | AIR | 138 | 1,208 | 88.60% |
| 21 | Q3 | SURFACE | 30 | 97 | 69.10% |
| 21 | Q2 | SURFACE | 877 | 2,596 | 66.20% |
| 21 | Q1 | SURFACE | 178 | 1,267 | 86.00% |
| 20 | Q4 | SURFACE | 84 | 1,564 | 94.60% |
| 20 | Q3 | SURFACE | 23 | 1,530 | 98.50% |
| 20 | Q2 | SURFACE | 218 | 1,770 | 87.70% |
| 20 | Q1 | SURFACE | 158 | 3,453 | 95.40% |

3.c. The Postal Service does not have data readily available of service performance of lanes that shifted from surface to air due to low volume.

3.d. Confirmed.

3.e. N/A

REVISED: 7/19/2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T1-4. Please refer to USPS-T-1 at 17, lines 14-23 and at 18, lines 1-2, in the section titled "Proposed Mail Processing Changes."

- a. What percent of First-Class Package Service will be containerized into pallet boxes and staged for dispatch on surface transportation?
- b. What percent of First-Class Package Services will be in sacks?
- c. Please provide data on current and proposed sack handling at destination for First-Class Package Service.

Response:

4.a. 73.3 percent of volume is proposed to be containerized into pallet boxes and staged for surface transportation.

4.b. 26.7 percent of volume is proposed to be in sacks.

4.c. Under the proposal, the percentage of FCPS that will be handled via sacks will change from 37.2 percent to 26.7 percent.

REVISED: 7/19/2021

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO INTERROGATORIES OF THE PUBLIC REPRESENTATIVE

PR/USPS-T1-5. Please refer to USPS-T-1 at 22, lines 5-8. Witness Hagenstein states that “[t]his model assumes the average [All Purpose Containers (APC)] would be 75 percent full. Volume requiring more than a 75 percent full APC was rounded to the next highest number of containers. For example, if a lane converts piece volume to 1.2 APCs, this was modeled as 2 APCs.”

- a. Please explain the rationale for the assumption described above.
- b. Please explain whether any other assumptions were considered, e.g. 90 percent full APC.
- c. Please confirm that the rounding described would not lead to a significant over estimation of the number of APCs.
- d. If question 5.c. is not confirmed, please explain.
- e. What are the cost or other implications for an incremental number of containers at 75 percent full compared to a reduced number of containers at 90 percent full?

Response:

5.a. The assumption was formulated after receiving input from focus groups and based on the fact that multiple operations in processing centers create containers for the same destination. The container generated in each operation will not be full, and it is assumed that some consolidation can take place prior to dispatch. Operations are instructed to dispatch containers 75 percent full for dispatch on early trips, prior to the Dispatch of Value. Filling APCs to the theoretical maximum capacity is possible, however not probable. This assumption, in turn, produced a more conservative number of containers loaded onto trips rather than fewer containers at 100% full which may not be operationally feasible.

5.b. Additional assumptions regarding APCs were discussed and considered during the review with the focus groups. Based on feedback and agreement from the

REVISED: 7/19/2021

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO INTERROGATORIES OF THE PUBLIC REPRESENTATIVE

stakeholders in the focus groups, it was decided to model using the 75 percent full assumption.

5.c. The rounding of containers will not result in a significant impact to the designed transportation since 1.2 and 2 APCs will require the same floorspace in a truck. Using whole number APCs prevents the model from over-filling transportation based on fractional containers.

5.d. N/A

5.e. Implications of modeling more containers would be increased demand for transportation, increased surface mileage and cost. However, the implications of assuming APCs would be filled to 90 percent capacity would certainly lead to an underestimation in required transportation, mileage and cost.

REVISED: 7/19/2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T1-6. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of USPS-LR-N2021-2-NP7.

REVISED: 7/19/2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T1-7. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of USPS-LR-N2021-2-NP7.

REVISED: 7/19/2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
INTERROGATORIES OF THE PUBLIC REPRESENTATIVE**

PR/USPS-T1-8. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of USPS-LR-N2021-2-NP7.

REVISED: 7/19/2021